[English]

SHRI P. CHIDAMBARAM: Sir, there is no need to look into the information. It is well known that rents in Mumbai are very high. But that is not a function of the Company or the Director. It is due to several other factors like the scarcity of land, the meagre stock of housing and the failure to add to the existing housing stock in Mumbai. That has nothing to do with the Company or the Director. I am reading the explanation to Section 198 of the Companies Act in answering my hon. friend's question: 'What is included in the definition of remuneration?' But the question, 'Who pays the tax?' Is between the Director and the Company.

SHRI A.C. JOS: The situation is very difficult. Because of the influx of the multinationals, they are paying very heavily to the young engineers. The hon. Minister said that an Officer or a Director can go for an employment in another company only two years after his retirement. That is at the higher level. But at the middle level management, all the public sector industries are starving now, because the middle-level managers are flying, or rather speedily migrating away speedily to the multinationals because of the embargoes and curbs put by the Companies Act. May I request the Minister that in exceptional cases, in the public sector companies, if they apply, whether the Government cannot think about making some exceptions—in emergency cases and special cases—to accept and give more salaries to the middle level managers who are very intelligent and are flying away from the public sector to the private sector and to the multinationals? They are attracting them with very many perquisites and other fringe benefits. May I request the hon. Minister whether he is ready to do this? The Companies Act is being amended now. Some provision is to be made by the Government by which the public sector companies can waive certain provisions and give enough remuneration to retain these exceptionally good people in the public sector.

SHRI P. CHIDAMBARAM: Sir, the provisions of the Companies Act merely set the limit within which the remuneration should be paid. It is a fact that the salaries of the public sector executives are far less than comparable private sector salaries. One of the reasons why the public sector is unable to attract or retain high quality personnel is the poor salaries. The Minister of Industry has already appointed a committee under a retired Judge of the Supreme Court to look into the salary and compensation package of the public sector executives. *...(Interruptions)*

MR. DEPUTY-SPEAKER: The next question is yours.

[Translation]

KUMARI UMA BHARATI: I was not here, I am not prepared for the question.

[English]

PROF. P.J. KURIEN: Sir, the next question is mine.

MR. DEPUTY SPEAKER: I am sorry, Shri Kurien.

[Translation]

KUMARI UMA BHARATI: Mr. Deputy Speaker, adjourn the question hour. Students are being sent to prison in my district *...(Interruptions)*

[English]

MR. DEPUTY SPEAKER: I have called Shri P.J. Kurien.

PROF. P.J. KURIEN: Sir, I do not mind giving some consideration to the fair sex but not during the Question Hour.

LIC Agents

*284. PROF. P.J. KURIEN: Will the Minister of FINANCE be pleased to state:

(a) the total number of working LIC agents in the country;

(b) whether there is inordinate delay in paying commission to these agents;

(c) if so, the steps taken/proposed to be taken to curtail this delay; and

(d) the total amount of commission payable to these agents during the last three years and the amount of commission actually paid?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) A statement is laid on the Table of the House.

STATEMENT

(a) to (d) The Life Insurance Corporation of India (LIC) have reported that there are about 5.14 lakh active agents in the country as on 31.3.1996 and there is no undue delay in settlement of their claims.

2. The following table gives the total commissions payable and paid by the LIC in the last there financial years:-

	Item	1995-96	1994-95	1993-94
		(Rs. Crs.)	(Rs. Crs.)	(Rs. Crs.)
(1)	Total Estimated Commission due and payable	1073	960	851
(2)	Estimated Commission released	1073	948	845

PROF. P.J. KURIEN: Sir, in part (d) of the question I wanted to know as to what is the amount of commission payable to the agents and what is the amount actually paid to them. I think, the hon. Minister has resorted to some jugglery of words. Instead of giving the amount of commission actually paid to the agents, he has given the

estimated commission released. I would like to know whether the Commission released by the LIC is actually paid to the agents or not. It is because there is always a slip between the cup and the lip. I would like to be clarified on this point. This is only a clarification.

Coming to the supplementary of my question, i would like to submit that the LIC agents are the most dissatisfied and neglected lot. The hon. Minister has said that as on date, there are 5.14 lakhs of agents in the LIC. I would like to know: What is the number of agents whose agencies have lapsed or have been terminated? What are the reasons for that and what steps are being taken to correct that?

Secondly, is it a fact that the LIC agents are clamouring for revising their incentives and conditions of service? Is it also a fact that sometimes back the agents ware recruited as Development Officers in LIC and that practice has now been done away with? If so, what is the reason? Why is the Government not improving and revising the service conditions of the LIC agents that exist today?

SHRI P. CHIDAMBARAM: Sir, There is no jugglery of words. Thirty per cent of the premia which is collected by LIC is usually collected in the last quarter of the year. In fact, the concentration is in the months of February and March, Therefore, while determining the amount of commission payable and the amount of commission that is released, there will be a lead and lag and the payment would be made sometimes in March, sometimes in April. So, once the commission is admitted to be payable, it is released by the LIC. But then there are a number of procedural steps which have to be taken. These commissions are actually paid to the agents in the last quarter of the previous year or the first quarter of the next year. This is not something which has happened now. This is a well-known and a well-entrenched system. It is because 30 per cent of the business is done in the last quarter of the year. Therefore, there would be a spill over to the next year. I have given the answer. Out of Rs. 1078 crore in the year 1995-96, determined as due and payable, after verifying, an amount of Rs. 1073 crore as commission has been released. Some part of it would actually be paid sometimes in the month of March, sometimes in the month of April. There would be a lead and lag and on that I do not think there is any problem because in previous years also the same thing would have happened. The commission due in March would have been given in the month of April. I do not think there is any serious complaint on this. I know of no case where anybody has compained to me that it is seriously hurting the agents. The agent is a long serving sales person and he knows that he would always get it in the month of April and so he does not mind that. It is not possible to pay the commission for business done in March before March. The records would have to be verified before the commission is paid.

Sir, on the other question of improving the commission and condition of services, I would like to say that these demands are there. From time to time these demands are made but we have now delegated these powers to the LIC. LIC now is a Board managed company. It has a full-fledged Board. The Board of LIC would have to consider as to what conditions of service and what remuneration must be given to the LIC agents. I do not think that I should give any direction to them on that behalf. As regards termination, it is difficult to say because an agent may cease to be active but he would not be terminated. He would only be terminated if it is found that there is a misconduct or there has been some negligence. He might simply become inactive. Out of 5.14 lakh active agents, there are agents who make Rs. 20 lakh a year. There are agents who make only Rs. 20,000 a year. If an agent simply loses interest in the business, he will attend to his other business. Termination will not arise merely because he brings a little business. Termination will arise if he is guilty of misconduct or misdemeanour.

PROF. P.J. KURIEN: The practice of recruitment from the agents as Development Officers was already there. It has been done away with. That is the point.

SHRI P. CHIDAMBARAM: The recruitment of Development Officers is governed by regulations. Whenever the LIC considers it necessary to recruit some Development Officers, it will recruit Development Officers according to the regulations. He must satisfy the regulations.

PROF. P.J. KURIEN: From the agents?

SHRI P. CHIDAMBARAM: Yes, if he satisfies the regulations, he can also be recruited. He must satisfy the regulations.

PROF. P.J. KURIEN: I do not say, that is misleading. It is a distortion of the facts. There was a practice of recruiting the Development Officers from the agents alone. There was a special quota for them. That has been done away with. That is my specific question. You should answer it.

SHRI P. CHIDAMBARAM: I am not aware of this particular problem that the quota has been done away with. I will look into it.

PROF. P.J. KURIEN: All right. Thank you for this. Now, my second supplementary is...

MR. DEPUTY-SPEAKER: I think, you have already asked the second supplementary.

PROF. P.J. KURIEN: No, no; I was only asking for a clarification.

SHRI P. CHIDAMBARAM: This was his one-and-a-half supplementary!

PROF. P.J. KURIEN: Since Independence, the middle class in our country has grown. Today, it is at least 35 per cent of the total population. All these 35 per cent of the population of our country are capable of paying premium to the LIC. They should be brought into the LIC coverage. I would like to know what percentage of this

middle class, who can afford to pay LIC premium, has been brought into the LIC coverage. What steps are you taking to bring the rest of these important potential people into the LIC coverage? Has your Department conducted any study in this respect? If not, are you prepared to study and take some steps to bring all these people into the LIC coverage instead of going in for privatisation?

SHRI P. CHIDAMBARAM: I do not wish to convert a question-answer session into a debate on policy. It cannot be converted into a debate on policy. The new business in the financial year, 1995-1996 has been 110.21 lakh policies. The sum assured in terms of new business is Rs. 51,815 crores. Today, the LIC has about 6,55,00,000 policies. This does not mean that 6,55,00,000 are insured because a person can have more than one policy. It still means that a large number of people are not covered.

Now, the LIC is a monopoly. I have no proposal at the moment to take away life insurance business from LIC or to demonopolise the life insurance business from the LIC. I am urging the LIC to expand the coverage. The LIC is doing it best and we will continue to do our best to attract more and more people into life insurance coverage.

SHRI ANANT KUMAR HEGDE: Mr. Deputy Speaker, Sir, there are indications that this Government with Finance Minister, Shri P. Chidambaram, want to throw open the insurance sector to the multinational companies, especially for foreign companies. When this proposal is heavily in the mind of the hon. Minister of Finance, what will happen to the fate of 5,14,000 agents who are serving on commission basis under the LIC?

SHRI P. CHIDAMBARAM: They will continue to be agents of the LIC.

SHRI ANANT KUMAR HEGDE: That means, there is a proposal that he wants to throw open this sector to the multinational companies...*(Interruptions)*

SHRI P. R. DASMUNSI: Sir, the Minister has stated that it is not a debate on policy issue. it is a question hour. But the matter is very important. The fate of the agents is very much linked with the fate of the LIC.

Therefore, will the hon. Minister assure the House that apart from looking after the interests of the agents, as they are now in the field of operation, the future prospect of LIC—as it is being run now, being the most laudable public sector unit in the country—shall not be diluted in any form in the future?

SHRI P. CHIDAMBARAM: Sir, the Common Minimum Programme of the United Front says that Government will take steps to strengthen LIC and GIC. The policy in this behalf has been stated in my Budget speech. I have nothing to add to what I said in the Budget speech ...*(Interruptions)*

MR. DEPUTY-SPEAKER: I will allow you.

[Translation]

SHRI DATTA MEGHE: You are not giving me an opportunity to ask question.

MR. DEPUTY SPEAKER: What I can do, you ask eight supplementaries on one question. I want that other Members also be given chance.

[English]

SHRI NIRMAL KANTI CHATTERJEE: The hon. Minister said that there is no jugglery in the figures, but the figures in the answer do indicate what he tried to initially assert. If there is a spill over, that is his answer, why is it not paid by estimated commission release? If there is a spill over, then in 1995-96 the estimated commission was Rs. 1073, which is higher than the estimated commission of Rs. 948, which again is higher than the estimated Rs. 845. This spill over of a higher figure should have entered here. Since this is happening, it indicates that there are problems of lack of payment of commission and perhaps the non-payment is increasing with the year. That is the rule for the spill over.

SHRI P. CHIDAMBARAM: If business increases year after year, if the commissions payable increase year after year, therefore the spill over also increase year after year. At any given point of time there will be some amount which has been raleased but not yet paid, for verification of records or for other reasons. Therefore, there will always be an amount which is released but not yet paid. But look at the proportion. The proportion is about the same. The proportion is, there is a small amount which has not yet been released.

SHRI NIRMAL KANTI CHATTERJEE: It is in fact declining. This is the point.

SHRI P. CHIDAMBARAM: I do not think the hon. Member should interrupt like this. He should wait for the answer. In 1993-94 the difference between the amount estimated and amount released is Rs. 6 crore. In 1994-95, the difference is Rs. 12 crore. In 1995-96 it is Rs. 5 crore. There will always be a difference between the amount estimated and the amount released. I go a step further. There will always be a certain amount out of the release which is actually paid before the end of the year. The question Mr. P.J. Kurien asked is, 'Do you pay before the year is over?'. I said, "No", because the new business is made in February and March. While the commission is released, the payment may spill over into April and May. And, if last year's spill over comes this year April and May, this year's spill over will come into next year's April and May. Agents are fully aware of it and I do not think there is a problem. Let us not make a problem out of it.

SHRI NIRMAL KANTI CHATTERJEE: This is not true. The answer should be that the spill over is added to the next year.

MR. DEPUTY SPEAKER: I have passed on to the next question now.

[Translation]

SHRI DATTA MEGHE: Mr. Deputy Speaker, Sir, you are not allowing me to ask question. Whenever I rise, you say something, you say that you would allow me. Therefore, I stage a walk out.

[English]

MR. DEPUTY SPEAKER: Should the other question be allowed or not?

[Translation]

11.59 hrs.

At this stage Shri Datta Meghe left the House.

Loan on Low Interest for Exporters

[Translation]

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*285. KUMARI UMA BHARATI:
SHRI SATYA DEO SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to give maximum loan on low interest rate to exporters keeping in view the increasing challenges in world market;

(b) whether the Government have also received any request in this regard;

(c) if so, the details thereof and the steps taken by Government in this regard and also to increase the limit of loan; and

(d) the time by which the decision is likely to be taken in this regard?

[English]

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) A Statement is laid an the Table of the House.

STATEMENT

(a) and (d) Banks have been advised from time to time by the Reserve Bank of India (RBI) to ensure that exporters, credit needs are met in full and promptly. Exporters can avail of Rupee packing credit at 13 per cent upto 180 days and at 15 per cent for period beyond 180 days and upto 270 days. In the monetary policy for second half of 1996-97, the interest rate on post-shipment Rupee credit has been further rationalised. Rupee post-shipment credit is available at 13 per cent up to 90 days and at 15 per cent for period beyond 90 days and upto six months from the date of shipment. For ensuring smooth flow of credit to export sector, instructions have been issued by RBI to banks to ensure that:

(i) no worthwhile export order suffers for want of finance;

(ii) grievances of exporter-borrowers in the matter of timely and adequate sanction of credit limits are redressed promptly;

(iii) sanction of fresh/enhanced limits/renewal of limits is made within the period stipulated where application is received with complete details and cases of rejection of export credit proposals are brought to the notice of Chief Executives explaining reasons for rejection;

(iv) export credit target of 12.0 per cent (enhanced from 10.0 per cent under the monetary policy for second half of 1996-97) to net bank credit is achieved by 31st March, 1997.

(b) and (c) Yes, Sir. In a Note submitted in October 1996 to the Ministry of Commerce, the Punjab, Haryana and Delhi Chamber of Commerce and Industry (PHDCCI) had, inter alia, made certain suggestions regarding credit facilities to the exporters. These include revision of the target for export credit as a percentage of net bank credit, reduction of interest rates for export credit, further review of rate of interest beyond 90 days and upto 180 days, review of interest rates on overdue bills, review of methods of lending to export sector, and some procedural aspects relating to export credit. Also, in a letter dated 24th February, 1997 to Ministry of Finance, the All India Association of Industries has suggested that the Reserve Bank of India should further reduce the interest rate of export credit.

[Translation]

KUMARI UMA BHARATI: Hon'ble Deputy Speaker, Sir, as per the recent economic survey the export of India has declined even after making provision of providing loans from the Reserve Bank of India. It seems to me that the reason for decline in the export is that the local traders in Indlan market would have been down morally due to the invitation extended by the Finance Minister to the people who ruled over country for 200 years and inflicted us, for ruling again India, because India is also a part of world market. After that perhaps persons who take loans in Indian market must have been discouraged. Therefore, I would like to ask the Hon'ble Minister the reasons for the decline in the export even after making provision for this loan. The Minister may please reply it.

[English]

I hope the Minister could understand what I was saying.

SHRI P. CHIDAMBARAM: This question deals with credit for exporters. Earlier it was provided that ten per cent of outstanding credit must be given to exporters. After this Government took over and when the busy season credit policy was announced by the Reserve Bank on 19th October, 1996 the Resrve Bank raised the 10 per cent to 12 per cent. I am glad to inform the House that as on 14th February, 1997 all the banks put together have given credit to exporters, 11.34 per cent of the total